

# SLATER FINANCIAL GROUP

## Slater Chronicles March 2024



As we dive into the 2024 tax season, staying informed about the latest changes and updates is key to maximizing your financial well-being. From new tax credits to updated regulations, our newsletter aims to equip you with the knowledge needed to navigate this year's tax landscape effectively. Take a look at our [Tax ToolKit](#) for additional information.

**Reminder:** We are hosting a **webinar on Planning with Registered Plans with Jamie Golombek** (Managing Director, Tax and Estate Planning, CIBC Private Wealth Management) **on April 9<sup>th</sup> at 4:00pm**. [Click here](#) to register.

With the introduction of the new FHSA in 2023, clients now have an alphabet soup of registered plans to choose from, including RRSPs, RESPs, RDSPs, and TSFAs. Jamie Golombek will briefly cover the features of these registered accounts and suggest which plans should be prioritized based on your personal financial goals.

As always, if you enjoyed this newsletter feel free to forward it to someone you know who may benefit.



## What's New for This Year's Tax Season

### 1. Trust Tax Reporting

Are you a trustee? A new rule now requires many previously exempt trusts to file T3 returns. Unless an exemption applies, all trusts with a taxation year ending on December 31, 2023, or later, are now required to file a T3, even if the trust has neither tax payable, a capital gain, nor a disposition of capital property in the year. Most non-taxable trusts are exempt from this rule, including RRSPs, RIFs, TFSAs, FHSAs, RESPs, and RDSPs. The information required to be reported on a T3 has also expanded for many trusts. Click this [link](#) to learn more about the revised trust reporting rules and whether they [affect you](#) as penalties will apply for inaccurate or missed filings.

### 2. TSFA Contribution Increase

Good news for Tax-Free Savings Account (TSFA) owners. Contribution limits have increased again, from \$6,500 in 2023 to \$7,000 in 2024. Find out how much you can save with our [calculator](#).

### 3. CPP Enhancement

Receiving CPP benefits? Starting January 1, 2024, the government is introducing a second earnings ceiling known as the Year's Additional Maximum Pensionable Earnings (YAMPE). Up until 2019, the CPP replaced approximately 25% of average work earnings. The enhancement means the CPP will grow to replace one-third of the average work earnings

after 2019. The maximum limit of earnings protected by the CPP will also increase by 14% between 2024 and 2025. The CPP will increase based on how much and for how long you've contributed to the enhanced CPP, and the enhancement will increase the maximum CPP retirement pension by more than 50% for those who make enhanced contributions for 40 years. Calculate how much you can contribute based on your earnings [here](#).

#### 4. First Home Savings Account

Help for first time homeowners. The First Home Savings Account (FHSA) was introduced as a new registered plan in 2023 for first-time home buyers. If you opened a FHSA in 2023, you can claim up to \$8,000 in contributions as a deduction on your 2023 income tax and benefit return. Eligible FHSA contributions are tax-deductible, or you can defer the deduction. For more information on FHSA, [click here](#).

#### 5. Prescribed Interest Rate

Overdue taxes to cost more. Starting January 1, 2024, the interest rate on overdue taxes jumped to 10% per year. If you think you'll owe taxes when filing this year, make sure to pay them by the April 30, 2024, deadline to avoid extra charges.

#### 6. Underused Housing Tax

New rules for some residential property owners. The Underused Housing Tax (UHT), aimed initially at foreign nationals, has been updated and now affects Canadian citizens in some cases. Affected residential property owners have until April 30, 2024, to file returns and pay the tax for 2022 without penalties or interest. [Learn more](#) about the UHT here and answer [these few questions](#) to see if this tax applies to you.

#### 7. Short-Term Rental Municipal Accommodation Tax

Own a short-term rental accommodation? The Municipal Accommodation Tax (MAT) is a tax the City of Toronto collects on short-term rentals. As of May 1, 2023, the tax was increased from 4% to 6%. To comply with the MAT regulations, you must register with the City of Toronto and obtain a Municipal Accommodation Tax Registration Number. After that, you must collect the MAT from your guests and remit it to the city within 30 days of the end of the quarter. It's essential to follow the MAT regulations, as failure to comply with registration and remittance requirements can lead to penalties and fines. Learn more [here](#).

#### 8. Residential Property Flipping

Higher taxes for selling residential property within 12 months of purchase. Starting January 1, 2023, if you sell a residential property you've owned for less than a year, the profit will be treated as business income, not capital gain. Under this new rule, profits from flipping a property will be fully taxable as business income without the 50% capital gains inclusion or Principal Residence Exemption. Although there are some exceptions (such as selling an inherited property), if you sold a property in 2023, you must determine if this rule [applies to you](#).

#### 9. Multigenerational Home Renovations Tax Credit

Modifying your home to accommodate an elderly or disabled family member? The MHRCTC is a new refundable tax credit that can help with the cost of renovating your home to accommodate a senior or disabled family member, allowing them to live with you or other eligible relatives. If eligible, you can claim up to \$50,000 in qualifying expenditures for each qualifying renovation completed. The tax credit is 15% of your costs, up to a maximum credit of \$7,500 for each claim you eligible to make.

#### 10. Working from Home - Update

WFH or Hybris? As of 2023, the temporary flat rate method for claiming a deduction for home office expenses will not be applicable. This means eligible employees who want to claim such a deduction must use the process of obtaining a completed [Form T2200, Declaration of Conditions of Employment](#), signed by their employer.

## Reach out to us

At [Slater Financial Group](#), we're happy to speak with you or your family members, friends or colleagues trying to navigate many of these details. In addition, our clients have the benefit of tapping into the many resources available to us here at CIBC.

Contact us to set up a meeting to discuss your family's or organization's succession plans.



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## About us

Since 1995 we've made ourselves available to act as a sounding board at CIBC Wood Gundy for anyone who may need urgent financial advice - or just a second opinion. We've been able to help many families. As a result, our business now comes to us almost exclusively through referrals.

So, if you're approached by a friend, neighbour or family member, or if you know someone who needs a sympathetic ear, please let them know we will always find the time to listen, and we'll do our best to help. By making ourselves available this way, we're striving to make people's financial lives less stressful and better, and we're doing well by doing good.

### Past newsletters

### Blog

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Mark Slater is an Investment Advisor with CIBC Wood Gundy in Toronto. The views of Mark Slater do not necessarily reflect those of CIBC World Markets Inc.

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